

Name: _____

Date: _____

Algebra Pd: _____

Weekend Word Problem #11: Compound Interest

The Situation: Isaiah has \$4,500 to deposit into a savings account for college. He must make a choice between banks with various interest rates and various ways to compound the interest. Calculate Isaiah's total balance (rounded to the nearest cent) for each bank if he wants to leave the money in the bank for FIVE years. USE THE EXPONENTIAL GROWTH FORMULA TO RECEIVE FULL CREDIT!

1. Community Bank: 4.71% annual interest rate, compounded annually

2. Rockstar Bank: 4.7% annual interest rate, compounded semi-annually

3. Official Bank: 4.68% interest rate, compounded quarterly

4. Penn Bank: 4.64% interest rate, compounded monthly

5. If Isaiah's goal is to earn the most money, in which bank should he deposit his money and why? Explain in complete sentences, using your calculations as evidence.

